

FOR SALE: Infrastructure Renovations for Government with 21 Million in backlog

Maintenance & Renovations of Military Bases: Recession Resistant!



Business Information

Clients: VA, Navy, US Coast Guard, Schools, Army, Apartments/Condos

Recession Resistant: Regular clients are the VA, federal government, and military there will not be any impact on this business should there be a recession. In fact, due to the newly passed US Infrastructure Bill, this business will have organic growth as the bill had many set asides for our military bases.

Jobs: 20-30 concurrently across West Coast

- 20% direct, 80% bid invite
- 75% repair/renovation, 25% new infrastructure
- Largest is \$11M, smallest is \$9,000, median is \$2M
- Several multi-year contracts
- 90% Federal/Government, 10% Private

Project Types: As a construction management firm, they offer diverse services. To name a few: renovations & upgrades to military buildings, replace electric, chillers, plumbing systems, water mains, removal of fuel tanks, demolition of structures

Services: Provides all facets of construction expertise, from cost consultation, design, administration, sub-contractor and project management, and some specialty self-performed scopes of work

Location: Tacoma, WA

Service Area: 50% Washington, 40% Northern California, 10% Oregon

Personnel: Multi-layer management where there are about 35 key employees, including a President, CFO, 4 Project Managers, 2 Engineers, 5 Superintendents, 2 Foreman, 5 Estimators, 4 Quality Control, plus Admin, IT, and Assistants. Additionally, there are 85 suppliers and 6,567 subcontractors.

Owner Role: Having a well-developed leadership team allows the owner to work remotely. He spends about 15 hours per week in the business having only 3 direct reports. He meets with his President & CFO and consults with the Chief Estimator when needed. The owner describes himself as having no day-to-day role and that he is more strategic.

Seller Transition: Up to 5 years and will also offer a promissory note of 15% plus an equity roll of 15% as a sign of good faith.

Reason for Selling: After 10 years of dedicated focus, the current owner is ready to step back and focus on his family and other personal matters.

Growth Opportunities: With their experience handling private commercial work, this would be an easy growth opportunity to return to. In addition to this, the business has licenses to handle jobs on any federal property.

Year Established: 1999

Owner is a Veteran: Buyer will need to either be a veteran or have a partner who is. The seller is willing to retain equity in the business to be able to keep the veteran designation, which currently accounts for 90% of their revenue.

Financial Overview

List Price: **\$36,000,000**

Gross Sales

2023 Projected	2022 Ann	2021
\$35,000,000	\$31,022,436	\$28,238,532

Cash Flow

2021
\$6,316,952

- **Profit Margin:** 28%

Valuation: 2021 Cash Flow x Multiple = Valuation
 \$6,316,952 x 5.7 = \$36,006,626

Funding Example

Purchase Price: **\$36,000,000**

70% Buyer & Lender	\$25,200,000
30% Seller Financing and/or Equity Roll	\$10,800,000

Assets Included in Purchase: \$1,511,221

Vehicles: \$787,890 **WIP:** \$21,115,000

A/R: \$5,187,085 **A/P:** \$4,463,754

Working Capital: \$723,331

CapEx: Very low, less than \$200,000 per year

Prepaid Expenses: \$5,991,859

Description

This firm manages renovations and maintenance for military bases with projects across the West Coast. 50% of which are in Washington State, 40% in Northern California, and 10% in Oregon. Located in Tacoma, WA, they offer diverse services such as upgrades to massive military buildings, replace electric, chillers, plumbing systems, water mains, removal of fuel tanks, and demolition of structures. Clients are 90% Federal/Government and 10% private hire, including the VA, Navy, US Coast Guard, Schools, Army, and Apartments/Condos. There will not be any impact on this business should there be a recession. In fact, due to the newly passed US Infrastructure Bill, this business will have organic growth as the bill had many set asides for our military bases. There are typically 20-30 active jobs concurrently. Of these, 20% are direct hires for a project, while 80% comes from bid invites. Only 25% of the projects are for new infrastructure, with 75% being focused on repairs and renovations of existing structures. The largest project is \$11M, the smallest is \$9,000, and the median is \$2M, showing a diverse range of jobs, several of which are multi-year contracts. They have over \$21 million in backlog with more in the pipeline and the conservative projection for 2023 is over \$35 million in revenue.

A multi-layer management system is in place where there are about 35 key employees, including a President, CFO, 4 Project Managers, 2 Engineers, 5 Superintendents, 2 Foreman, 5 Estimators, 4 Quality Control, plus Admin, IT, and Assistants. Additionally, there are 85 suppliers and 6,567 subcontractors. Having a well-developed leadership team allows the owner to work remotely. He spends about 15 hours per week in the business having only 3 direct reports. He meets with his President & CFO and consults with the Chief Estimator when needed. The owner describes himself as having no day-to-day role and that he is more strategic. He is willing to stay up to 5 years post-close and will also offer a promissory note of 15% plus an equity roll of 15% as a sign of good faith. With the purchase, a buyer would receive \$1.5M in assets, including working capital and the vehicles and equipment needed to continue successfully. CapEx remains very low at less than \$200K per year.

With their experience handling private commercial work, this would be an easy growth opportunity to return to. In addition to this, the business has licenses to handle jobs on any federal property. With the newly passed US Infrastructure Bill and regular work with the VA/federal contracts, there is no shortage of projects for this company. Priced at **\$36,000,000**, a buyer is getting no shortage of talent and expansion potential!



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